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Yale and New Haven

New Haven

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YALE AND NEW HAVEN

BY ANSON PHELPS STOKES

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YALE AND NEW HAVEN

A STUDY OF THE TAXATION QUESTION AND OF
THE BENEFITS DERIVED LOCALLY FROM
AN ENDOWED UNIVERSITY
BY ANSON PHELPS STOKES

NEW HAVEN
PUBLISHED FOR THE UNIVERSITY
MCMXX

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NOTE

THIS pamphlet has developed from an address made by the author, November 9, 1911, before the New Haven Economic Club. An abstract of it was published at the time under the title "What Yale Does for New Haven." The present publication is a revised and enlarged edition of the pamphlet mentioned, made with the consent of the Yale Corporation, and at the special request of the committee appointed in June, 1919, to consider "ways in which the University can help to improve local conditions and relations between students and citizens." The members of the committee were: Dean Charles R. Brown, Professor John C. Tracy, Professor John C. Adams, and Mr. Frederick H. Wiggin. A large amount of new material has been added, especially on the taxation question, and on the advantages to a community of a privately endowed, tax-exempt university. I am indebted to Mr. Harry J. Ostrander, the Cashier in the University Treasurer's Office, for the revision of the statistics.

Although this pamphlet on "Yale and New Haven" is published at the request of the University, the author alone assumes responsibility for its contents. It is recognized that an equally suggestive publication could be made with the emphasis in the title reversed, namely, "New Haven and Yale," and it would be a congenial task, if opportunity should later be afforded, to write on this subject. In the present pamphlet, however, attention is centered on one phase of this mutual

relationship which it is highly important for all members of the community to understand—namely the material benefits which New Haven derives from having Yale University in its midst. That the problem is a complex one the author does not deny, but he is convinced that a careful study of the facts here given will lead any impartial citizen to the conclusion that although Yale may have been too conservative in the past in its coöperation with the city authorities in certain educational and public service matters, there can be no doubt that the presence of the University in New Haven has been a factor of great and constantly increasing importance to the city and the community at large.

That material advantages, rather than those of an educational and spiritual character, are here emphasized, is not because they are the most important, but because their significance is not so fully appreciated by the average taxpayer. No one ever writes to the local papers expressing doubt as to the value of Yale as an educational asset to the community, but the taxation question is always with us, and in the discussions of it there is so often shown a lack of understanding of the material benefits brought to the city by the University that it has seemed advisable to have these summarized. Attention is therefore specially called to the sub-title of the pamphlet, which indicates the limitation of its main purpose—"A Study of the Taxation Question and of the Benefits Derived Locally from an Endowed University."

Yale's mission is a nation-wide, in fact a world-wide one, and its task is primarily threefold—to train men

for citizenship through a broad, cultural education in an atmosphere of the highest moral ideals, to fit men to enter the various professions, and to advance the cause of science and letters through research and publication; but these larger purposes can only be accomplished in the most efficient way if the University lives in relations of the most complete good will with its home city. That this good will and mutual understanding have been increasing steadily in recent years is cause for deep gratitude, and it is with the purpose of further advancing the movement that this pamphlet has been published.

ANSON PHELPS STOKES

Yale University,
December 10, 1920

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YALE AND NEW HAVEN

THE purpose of this pamphlet is to give to the public a summary of facts showing the benefits, especially financial benefits, which New Haven, directly and indirectly, derives from Yale University.

I. TAXES

1. TAXATION OF UNIVERSITY PROPERTY

Statutes Regarding Tax Exemption

This is not the place for a history of tax exemption as it applies to American universities. A few quotations from the charter of the College and from the Legislative Acts and Statutes of Connecticut, are, however, necessary to an understanding of the situation. The Charter of the College obtained in 1745, and confirming previous rights, "exempted from all Rates, Taxes," etc., "all the Lands and Ratable Estate belonging to the said College, not exceeding the yearly Value of Five Hundred Pounds Sterling lying in this Government. . . ."

The following act passed in 1882, and confirming previous legislative action, restricts tax-exempt holdings of real estate in Connecticut to property producing income of not over \$6000.

"Be it enacted by the Senate and House of Representatives in General Assembly convened:

"Sec. 1. The funds and estate which have been or may be granted, provided by this State, or given by any person or

persons to the President and Fellows of Yale College, and by them invested and held for the use of that institution, shall, with the income thereof, remain exempt from taxation; provided, however, that the said corporation shall never hold in this State real estate free from taxation, affording an income of more than six thousand dollars.

"Sec. 2. Trinity College and Wesleyan University shall have the same exemption, subject to the same restriction, as is provided in the preceding section for the President and Fellows of Yale College."

Last year under this statute Yale University paid to the City of New Haven the sum of \$37,116.89 in taxes, on \$1,931,635 worth of property. This is an increase of over \$30,000 in a decade, the amount paid in 1910 being \$5,438.63.

The statute exempting the University from the payment of taxes on a small amount of income producing real estate gives Yale no larger exemption than her sister institutions in Connecticut—Trinity and Wesleyan—both of which have much smaller constituencies. The principle involved is the same as in the statute which permits any church or ecclesiastical society in the state to hold exempt from taxation a certain amount of income producing property, namely, \$20,000 worth. When it is realized that the Yale constituency involved in 1919-20 1187 students from Connecticut, in addition to 4249 graduates and 1928 former students resident in the state, the exemption seems a moderate one, especially in view of the purposes for which the property is held and the advantages derived by the community.

The general attitude of the state in its treatment of educational institutions, such as Yale University, is

well indicated in the statute on charitable uses, Section 5081, of the Revision of 1918, which reads as follows:

"All estates that have been or shall be granted for the maintenance of the ministry of the gospel, or of schools of learning, or for the relief of the poor, or for the preservation, care and maintenance of any cemetery, cemetery lot, or monuments thereon, or for any other public and charitable use, shall forever remain to the uses to which they have been or shall be granted, according to the true intent and meaning of the grantor, and to no other use whatever."

This means that the rule against perpetuities does not apply to a charitable trust or use, and that consequently Yale University can receive charitable trusts in perpetuity—a recognition by the state of the important public service rendered by "schools of learning."

The Court's Decision Regarding Dormitories

The General Statute under which the University's buildings are exempt from taxation is referred to and interpreted in the following official summary of the unanimous decision of the Supreme Court of Errors of Connecticut rendered in 1899, in the case of "Yale University vs. The Town of New Haven":

Section 3820¹ of the General Statutes provides, among other things, that "buildings or portions of buildings exclusively occupied as colleges, academies, churches, public schoolhouses, or infirmaries," shall be exempt from taxation. Held that under this provision—which did not create a new form of exemption but merely declared the well-settled and

¹This is Section 1160 in the Revision of 1918.

²The same statute also exempts "buildings belonging to and used exclusively for scientific, literary, benevolent, or ecclesiastical societies."

long-established policy of this state in dealing with such property—buildings of Yale University which were occupied exclusively as dormitories and dining halls by its students were non-taxable.

In 1834 an amendment (1 Private Laws, 481; General Statutes, Sec. 3822) of the plaintiff's charter exempted from taxation all funds which had been given and might thereafter be given to the college and invested and held for its use, but provided that it should never hold real estate in this state, free from taxation, which afforded an annual income of more than \$6000, and that the private property of the officers of the college should not be exempt. Held that the first clause of the Act plainly exempted all of the property of the college from taxation, while the proviso qualified this total exemption only for the purpose of imposing a limited restraint upon investments in real estate; that the fees of students, whether apportioned as room rent or tuition, could not be treated as income of real estate, and that land occupied and reasonably necessary for the plant of the college was not income producing real estate within the meaning of the proviso. Held, also, that vacant lots owned by the plaintiff were exempt from taxation, and dwelling-houses and factories as well, unless the latter, or some of them, might become taxable because the rents derived therefrom carried the plaintiff's annual income above the prescribed limit.

Real estate which is held in the name of the plaintiff, but is substantially owned and enjoyed by one of its professors, is taxable and should be included in its list. The plaintiff's charter does not exempt from taxation property which is held by it for any private use, nor does it authorize commercial dealings with its exemption, whether by way of mere speculation in vacant lots, or of selling land on long leases at normal rents, or otherwise.

The "Board of Trustees of the Sheffield Scientific School," which holds part of the property of the School, under its Act of Incorporation, passed in 1882, has power to "receive, hold, or convey any estate, real or

personal, that may be conveyed to it, or that it now possesses, and said property, while so used for the promotion of science, shall be free from taxation." The total amount of such property now held in New Haven, in addition to the land and buildings held and used for educational purposes, appears in the Treasurer's Report as valued at only \$69,000. The provisions of the General Statutes quoted above exempting from taxation "buildings or portions of buildings exclusively occupied as colleges" of course applies to the various buildings of the Sheffield Scientific School that are held by its Trustees.

Tax Exemption in Other States

The laws of Connecticut are no more generous to privately endowed institutions than are those of most other American states. In some the old provision of exempting the "estates" of faculty members contained in the Yale charter still holds, as for instance in Rhode Island where Professors in Brown University are allowed an exemption of \$10,000 on their personal real estate.

Representative state laws are as follows:

Massachusetts provides that

"The following property and polls shall be exempted from taxation.

"Third, the personal property of literary, benevolent, charitable and scientific institutions and of temperance societies incorporated within this commonwealth, the real estate owned and occupied by them or their officers for the purposes for which they are incorporated, and real estate purchased by them with the purpose of re-

moval thereto, until such removal, but not for more than two years after such purchase." (Revised Laws 1902, Chapter 12, Section 5, Clause 3.)

Illinois, which supports a State University, also exempts from taxation "all property of institutions of learning including the real estate on which the institutions are located not leased by such institutions or otherwise used with a view to profit." (Chapter 120, Section 2. Star and Curtis Revised Statutes.)

Wisconsin, which supports a State University, also exempts from taxation the lands reserved for the grounds of a chartered college or university not exceeding 40 acres. (Revised Statutes, Chapter 48, Section 1038.) Chapter 116, Laws of 1901, provides "That Lawrence University shall hold free of taxation any lands or other property acquired by donation, bequests, or purchase, and held expressly for educational purposes and for the endowment of the institution."

Ohio, which supports a State University, also exempts from taxation "all public colleges, public academies, all buildings connected with the same, and all lands connected with public institutions of learning not used with the view to profit." The latest available report of the United States Commissioner of Education lists 34 Ohio "Universities, Colleges and Technological Schools" under private, as distinct from state or municipal, control. These tax-exempt private institutions of collegiate grade had over 14,000 students.

Local Effect of Yale's Tax Exemption

Yale University was exempted last year from taxes on property valued at \$12,555,160,¹ the major portion of which is for buildings, not land, and these have generally taken the place of poor buildings on which low taxes were paid. It is the value of such structures as Woolsey Hall and the Vanderbilt dormitories that makes Yale's exemption look so large. As a matter of fact much of the value of the University's real estate has been created by the University itself.

A concrete example of the increased value of real estate in the University neighborhood is given by the following facts regarding the land making up the new University Campus. The pieces of property now occupied by the Bicentennial Buildings were assessed in the year they were bought for Yale uses (1899-1900) at \$84,733. The University paid \$259,000 for this property—over three times its assessed value—while on the Assessors' list of exemptions for 1919 the same land and the buildings upon it were valued at \$1,035,270. In other words, the property, which two decades ago, prior to Yale's purchase, was valued at less than \$100,000, now, through improvement made by the University, is estimated as equal to about one-twelfth of the University's total exemption.

About 70 per cent of the total exempt list of the University is represented by the value of the buildings which have been erected upon its land. The adjoining property owned by the University upon which

¹This does not include the Sheffield Trustees' exemption of \$2,125,915.

the University pays taxes, and comprising in part store frontage upon Chapel Street and Elm Street, has only about 42 per cent of its total valuation represented by buildings, thus further emphasizing the fact that the University property on the exempt list is much more highly improved than corresponding city property would be. The total exemption therefore seems much larger than it would if the property were used for business and ordinary residential purposes.

It should not be forgotten that Yale's location in what is now the heart of a large business community is an historical accident. The University did not come to the city and buy up property and then ask for tax exemption, but it grew up naturally at the center of a New England village and is as much responsible for the growth of that village into a city as is any other factor.

There is a general but entirely erroneous impression that as soon as a piece of property is purchased by the University it is immediately removed from the tax list and the tax upon it is lost. An analysis of the operations for the past twenty years shows that property assessed at \$951,545 has been removed from the list. During the same period it is found that the improvements made in Fraternity buildings have caused additions to the list amounting to \$440,470. Yale added to the list by improvements on its taxable property \$88,550 and sold property which had been on its exempt list for many years, thereby restoring to the taxable list land valued at \$326,665. The Bowl and the Memorial Boathouse, assessed together at \$340,000, represent much more costly improvements than would normally be placed

on land in their particular locations, and yet they are both on the tax list.

By this statement it will be seen that during the last twenty years the withdrawals from the tax list for University purposes have been more than made up by the return to the list of similar property and by improvements made on existing property by the University and its affiliated organizations. Taxed land is not rendered exempt more rapidly than the community profits by compensating benefits. It might be added that improvements made on the vacant land which was sold total in excess of \$500,000—an increase in the list of taxable property made possible by the University's action.

The point is sometimes raised that the University is not only exempt from taxation of real estate but also from taxes on bonds and other personal property, but under the present law any holder of bonds has the right of registering them at the State Capitol, thereby avoiding entirely the local tax.

A comparison of the exempt lists of Hartford and New Haven is of interest. The total exemptions of Hartford for 1918-19 amounted to \$41,783,006 as compared with \$33,213,016 for New Haven. In New Haven \$14,882,105 is exempted for University and private schools while only \$2,564,973 is similarly exempted in Hartford. On the other hand New Haven has only \$3,288,605 exempted for strictly public buildings against \$10,525,602 for Hartford. These exemptions as officially reported may not represent exactly commercial values, but such values can only be approximately estimated, as buildings such as a State House

or a University do much to create the value of the property where they stand. But for purposes of rough comparison these statistics are suggestive. The University buildings, near the heart of the shopping district of the city, occupied by over 4000 men and women—faculty, students, employees—who are spending money locally, are financially more profitable to their community than the buildings of the State Capitol which form the largest item in Hartford's exemption. The total number of persons having rooms or offices in these latter buildings is small in comparison, and the proportion using them at all regularly only during the biennial five months' session of the Legislature is considerable. The Yale buildings are full about three-quarters of the year, while the tendency is for educational conferences and summer courses to attract an increasing number of summer students.

The University has sometimes been attacked for conducting commercial enterprises for profit. As a matter of fact, it does not. It has its own Building and Maintenance Department and its own Dining Hall, but these are not conducted to make money and are intended only for the use of the University itself. The right to employ a steward, and consequently by implication to have a Commons, is specifically provided for in the College Charter and has proved useful as a protection to the student body in preventing unduly high charges for board, and in maintaining a high quality of food in local boarding houses. The University has maintained the Dining Hall for a number of years at a financial loss, believing it to be of much importance to the students. Following the tradition of

the English Universities, dining in a university hall under dignified auspices is thought to have educational advantages. It is also a democratic influence as it brings together students from different groups and schools of the University. Less than one-third of the students eat at Commons, even when the registration is at its maximum.

2. TAXATION OF PROPERTY OF UNIVERSITY OFFICERS

By the Charter of 1745 exemption from taxation included "the Persons, Families and Estates of the Presidents and Professors lying and being in the town of New Haven," but this provision was withdrawn by mutual consent in 1834. A careful examination of the tax office returns for last year shows that the 163 Professors and officers of equivalent rank at Yale were assessed on property valued at \$1,989,884. This means that they paid \$39,280.22 in taxes. Similarly the 101 Assistant Professors paid \$8,213.59 on \$415,882 property, but as the great majority of them rent their houses these figures are a very inadequate evidence of their real financial contributions to the municipality. Of these 264 persons of professorial grade only about fifteen receive any regular business income outside of their University salaries, and few of them would be paying taxes in this locality if it were not for Yale. Bearing in mind the figures given above and remembering that the Faculty list of the University contained last year 696 names, it would be conservative to state that the annual taxes of the various teachers and other employees of the University have been over \$50,000.

3. TAXATION OF FRATERNITY HOUSES

The assessed valuation of University Fraternity and Society houses last year amounted to \$1,295,920 on which \$25,594.42 taxes were paid. They are of an expensive character and are therefore assessed for much larger amounts than the buildings which would normally occupy such land, thus materially increasing the income to the city from their taxes, which have doubled in the past ten years.

These buildings were mainly erected by outside capital. The movement in the legislature to have them, along with similar property at Wesleyan and Trinity, exempted from taxation, did not receive any noticeable support from Yale men and was opposed by the officers of the University.

The total taxes mentioned above as paid by the University, its officers and student organizations, in a single normal year is \$110,205.12, about one-fortieth of the total taxes of the city.

4. TAXATION OF UNOFFICIAL YALE
BUSINESS ORGANIZATIONS

There are various organizations serving an educational end which, although not official activities of the University, are more or less affiliated with it, and which pay taxes regularly to the municipal treasury. The more important of these are the following:

Yale University Press
Yale Publishing Association
Yale Coöperative Store
Brick Row Book Shop

All of these occupied last year buildings rented to them

by Yale University on which the University paid taxes, but they contributed about \$1000 as incorporated organizations to the municipality as taxes on their business. This year the amount will be considerably increased, as the Yale University Press occupies its own premises facing the New Haven Green.

5. TAXATION RATES OF COLLEGE
AND NON-COLLEGE TOWNS

A study of American towns does not show that the tax rate averages any higher in places that have a large educational institution than in those that have not, and are in other ways comparable. For instance, the tax rate in Bridgeport in 1918-19 was 23.9 mills, in Waterbury 19 mills, and in New Haven 19.75 mills. The statistics for the different towns of Massachusetts, where this question has been given exhaustive legislative study, are conclusive on this point. In the years when the study was made, 1905 and 1906, the average tax rate in representative college towns was as follows: Cambridge 18.80, Worcester 16.80, Amherst 16.25, Northampton 16.75, Williamstown 18.75; while non-college towns had generally as high or higher tax rates, such as Fall River 18.60, Lowell 19.90, North Adams 21, Pittsfield 18.50. The 1920 tax rates show an increase of about 50% over these figures, but the college towns again make as good an average showing as their rivals. Cambridge has 31.30 against Lawrence's 31.20; Amherst has 25.40 against North Adams' 28.50; Northampton 23.80 against Fall River's 25.40, and so on.

The efforts made by municipal authorities, Chambers of Commerce, and kindred bodies to attract tax-exempt

educational institutions is evidence of the fact that their benefits to a community financially and educationally outweigh any possible disadvantages.

Northampton made an appropriation of \$25,000 to get Smith College. Amherst, not a large or rich town, as far back as 1863, raised \$50,000 to secure the advantages of the State Agricultural College. Even New Haven over two centuries ago was well aware of the advantages both material and educational that come to a community from having an institution supported by private funds in its midst. The contemporary record of Tutor Johnson at Yale tells the story of New Haven outbidding Saybrook and Hartford for the privilege of having the Collegiate School of Connecticut, now Yale College, settle here. It reads, "There were various towns which bid for the School:—Saybrook twelve or fourteen hundred pounds; Hartford endeavored but could make no hand of getting money, at least not so much as they could think worth the mentioning; at New Haven were fifteen hundred or two thousand pounds gathered." Evidently our forefathers who in 1716 induced the tax-exempt college to remove from Saybrook to New Haven did not consider that it would be a "financial burden" to the community.

Even before the founding of Yale, when John Davenport was trying to secure a college in New Haven, a General Court was held. The records for May 22, 1654, have this quaint entry showing that our forefathers were perfectly willing even to expend public money for the advantages of having a college in their midst:

"The towne was informed that there is some motion againe on foote concerning the setting vp

of a Colledg here at Newhaven, wch, if attayned, will in all likelyhood prove verely beneficiall to this place, but now it is onely pponed to knowe the townes minde and whether they are willing to further the worke by bearing a meet pportion of charge if the jurisdiction, vpon the pposall thereof, shall see cause to cary it on. No man objected, but all seemed willing, pvided that the paye wch they can raise here will doe it."

The same situation is found today whenever in a Western city there is the possibility of securing a new collegiate institution, or in fact a tax-exempt public institution of almost any type. State legislators, Chambers of Commerce, local newspapers, all unite in petitioning the responsible authorities in behalf of their own communities. In fact the financial advantage of an institution which attracts students is recognized by every community until the institution becomes large and the citizens realize how much additional could be secured for public purposes if its buildings and real estate could only be taxed. In these cases short-sightedness prevents people seeing that they would be killing the "goose that lays the golden egg." It is the exemption from taxation which has been largely responsible for persuading private individuals to contribute to the permanent endowment of colleges, believing that every cent of the money contributed will be directly used for educational purposes.

The erroneous nature of the arguments used to show that towns suffer from the presence of tax-exempt institutions in their midst is nowhere better shown than in the report of the Joint Special Committee on

Taxation, appointed by the Legislature of Massachusetts in 1906, to consider the expediency of legislation to amend the laws regarding the exemption from taxation of collegiate institutions. This report, which is signed by every one of the fifteen members of the committee, contains the following statements, which we commend to the careful consideration of the citizens of New Haven:

"The presence of an educational institution does remove large amounts of property from the tax lists, but there are distinct and easily discerned financial benefits which compensate for the loss of taxes. The presence of a college increases the value of taxable property surrounding it."

"From our investigations of this subject we are convinced that the presence of an educational institution imposes no financial burden upon the community which is not balanced by adequate compensating financial benefits. We are therefore unable to recommend any system of reimbursements to the towns by the Commonwealth."

"The General Court should hesitate long before it places any burden, however slight, upon any of the educational institutions of this Commonwealth. Our forefathers taxed themselves heavily for the maintenance of schools and colleges. It is in our judgment entirely foreign to the spirit of our whole educational system and to our conception of civic righteousness that we should now tax these institutions for the maintenance of other public activities. Nor should the Commonwealth allow individual communities to reap the undoubted financial benefits consequent upon the

presence of a college, and be reimbursed by the State for the loss of its taxes. As long as there is no great discrepancy between the taxes lost and the financial benefits received, the college communities may well be content with the existing law. The advantages they derive of a nature other than financial are a net gain, and are such that the communities which receive them are the envy of less fortunate municipalities."

To those who wish to study this question more deeply, special attention is called to a small volume entitled "Exemption from Taxation in Massachusetts," printed in 1910.

6. TAXATION AND HIGHER EDUCATION NEW HAVEN'S SAVING

The intelligent people of Connecticut in general and of New Haven in particular believe in providing facilities within the state for the higher education of youth. They often fail to realize, however, what a burden of taxation they are saved through having a privately endowed University, instead of a state supported institution such as exists in about two-thirds of the American states. If New Haven should this year pay its proportionate share of the expense of a State University of Connecticut conducted on the same scale as the Universities of Michigan, Wisconsin, and Minnesota, it would mean an appropriation from our local citizens of \$237,399 in addition to the continuation of the present large tax exemption; or if, content with a smaller institution less well equipped than Yale of today, the citizens merely wished to pay per capita the same amount as is the average in the three states named,

New Haven's University assessment for this year would be \$105,973.96.

If instruction were entirely free, which is rarely the case at State Universities,¹ the local students would save \$101,139.54 (\$191.19 "average payment" \times 529 "number of New Haven students"), but the net loss to the community a year over the present plan would still be \$41,951.34,² while on the basis of a State University of equal strength and size to those mentioned it would be \$173,376.38. The results estimated on the basis of comparative wealth instead of comparative population would not vary greatly from these figures. They are most conservative. In reality the community's saving by the present plan is greater than the figures indicate, for in all probability if Yale were a state institution an annual charge for instruction, averaging at least as much as at the Universities mentioned, would be made, and this would increase the loss over \$19,000 (\$36.33 \times 529).

The table on the following page shows in detail the facts on which the above figures are based.

Citizens do not appreciate what enormous sums are contributed by Western states to their universities from the public purse. In spite of the great privately endowed universities in the state, like Northwestern and the University of Chicago, it is estimated that the Illinois tax yields the State University two and a half millions annually. This is supplemented by grants from

¹See last column of tables on next page.

²\$105,973.96—\$101,139.51 —\$ 4,834.45

Remission of present taxes — 37,116.89

Total \$41,951.34

Table Showing Cost of a State University

Name of Univ.	Population of State	Reg. State Univ. Tax. 1918-19	Total State Univ. Appro. 1918-19	Per Capita Cost	Conn. Cost on same basis	New Haven Cost on same basis
Mich.	3,133,678	\$1,155,000.	\$1,294,000.	.41	\$566,039.85	\$ 66,792.60
Wis.	2,553,983	1,352,801.42	1,793,063.53	.61	842,156.85	99,374.40
Minn.	2,345,287	1,289,234.26	1,894,712.76	.71	980,215.35	115,665.37
The population of Connecticut (1920) is 1,380,585, of New Haven 162,819.						Average, \$796,137.35 \$ 93,944.12

Name of University	New Haven Cost if Conn. spent the same total	Basis of State University Support	Annual Fees for Residents of State ¹			
			College	Engineering	Medical	Law
Michigan	\$152,692.00	"A tax of $\frac{3}{8}$ of a mill on the total valuation of the state."	\$44.	\$64.	\$107.	\$74.
Wisconsin	211,581.43	" $\frac{1}{100}$ mill on all taxable property of state."	30.	30.	30.	30.
Minnesota	223,576.01	" $\frac{1}{100}$ mill on all taxable property of state."	20.	30.	150.	60.
Average,	\$195,949.81		\$31.33	\$41.33	\$95.66	\$53.66

¹The figures do not include fees for laboratory work and some special courses, e.g., at Minnesota, Advanced Chemistry is \$20 a year extra and some music courses \$128.

the Legislature, so that the total state receipts for 1919-20 were \$2,871,500. It should be noted that although in the eighteenth century the Colony Legislature frequently made grants to aid Yale College, the practice has not been followed in modern times. The University has the Governor and Lieutenant Governor of the State on its Board of Trustees, the Corporation, and it receives exemption from taxation on its property used for educational purposes, and on real estate not necessarily so used yielding an annual income up to \$6000. It neither asks for nor desires more, although in several states, such as Pennsylvania, the state makes large grants to privately endowed colleges.

It should be remembered that a State University has entire freedom from taxation and generally also the right of eminent domain, a right for which Yale has never asked but the possession of which would have saved her very large amounts—the difference between the high prices actually paid for certain pieces of real estate and fair values.

II. OTHER DIRECT FINANCIAL BENEFITS TO NEW HAVEN

1. PUBLIC IMPROVEMENTS AND PROTECTION

The University has coöperated with the city in connection with civic betterments such as tree planting, sidewalks and other general improvements. The University, including the Sheffield Trustees, expended for improving sidewalks in one year alone \$6,287.19. The University's botanical garden force has attended to the planting of trees in the streets about the University

property, in some cases furnishing the labor while the City furnished the trees, in other instances paying both for the trees and the cost of planting them.

The University has freed the community from the responsibility of the regular policing of the University grounds including the Pierson-Sage Square, all of which it covers through its own police force at an annual expense of \$4000. A considerable amount of policing in connection with the large games and other gatherings is also furnished by the University.

2. SCHOLARSHIP AID TO LOCAL STUDENTS

The Treasurer's report shows that sums averaging from \$90,000 to \$100,000 per year are expended in financial aid of various kinds to the students. From this source there was credited to New Haven boys during the past year a total amounting to \$17,668.48, this sum being distributed to 92 students. The following table shows the number aided and the amount given in each School of the University.

	Number aided	Total aid
Graduate School	14	\$3,760.00
Yale College	31	5,938.60
Sheffield Scientific School	37	5,767.50
School of Law	5	725.00
School of Medicine	2	297.38
School of the Fine Arts	1	1,000.00
School of Music	1	150.00
School of Forestry	1	130.00
Totals	92	\$17,768.48

In addition to the above amounts the New Haven boys receive very substantial amounts for services as monitors, in the choir, Dining Hall, Library, etc.

At the October, 1920, meeting of the Yale Corporation, provision was made for the establishment of twenty-four new scholarships for New Haven boys during their four undergraduate years at Yale University, these scholarships to involve the entire remission of tuition (\$300 a year) in the Freshman Year, the College, and the Sheffield Scientific School. Six of these will be available next fall and six additional annually thereafter until the full number is reached, when the cost to the University will be \$7200 a year. This is in addition to the four scholarships and the fifteen Connecticut High School Scholarships previously established. A total sum of \$6000 was also placed at the disposal of a committee to be used annually in the form of loans to New Haven boys who are helping to support themselves while securing an education in any of the Schools of Yale University.

3. GENERAL AID TO LOCAL STUDENTS

The published lists show 2291 alumni and former students living in New Haven. Not only has the University prepared these men for their various professional and business occupations, but it has contributed a large sum towards this purpose. Estimates based upon last year's budget of income and expenses show that the average payment of each student was \$191.19 and the average direct cost of his education is about \$490.00. If to this latter figure be added his proportion of the University general administration expenses this

total cost is increased by about \$100.00. These figures do not include any estimates for return on the cost of buildings or land. With these included the amount would be made still larger. Taking the smaller of the expense figures given above, we see that while the average student is charged \$191.19 per year for his education, the University from its general endowment funds contributes \$255.46, or about 60 per cent. In other words, the education of the average graduate costs the University something more than twice the amount the student or his parents pay for it. Estimating the average time spent by the New Haven graduates at Yale University as three years, the average cost of their education as only two-thirds what it was last year, and the amount contributed by the University towards their tuition as only one-half of the total cost (all of which estimates are conservative), we have a total of over \$1,000,000, expended by Yale University to supply the education of present citizens of New Haven. If we adopt the figures given above for last year for the 529 local students, we have a total of \$135,138.34 (\$446.65—\$191.19 x 529) contributed by the University towards the education of New Haven boys at Yale, in addition to the Scholarship aid mentioned above.

III. INDIRECT FINANCIAL BENEFITS TO NEW HAVEN

1. UNIVERSITY PAY ROLL

The total pay roll of Yale University during the past year was \$1,866,279.92, thereby ranking Yale as an employer only behind the Railroad, Winchester's, and

Sargent's among local firms. Undoubtedly the major portion of this money was expended in New Haven, thereby increasing largely the business of the community. This year's budget increases the total to over \$2,000,000, not counting \$107,580.72 spent by the Government in salaries and wages for the staff of the Yale R. O. T. C. In addition to the 696 persons named in last year's Faculty list, about 480 men and women were regularly employed by the University.

2. BUILDING CONSTRUCTION

There is now being constructed for the University a group of dormitory buildings known as the Memorial Quadrangle and, although the general contract is not in the hands of a New Haven firm, there will be paid locally for labor and material over \$1,800,000. The buildings are not being erected by the University but by the donors on plans approved by the Yale authorities. In accordance, however, with the known wishes of the University, preference has been given wherever possible to local business interests. The funds for this group of buildings have been provided by friends of the University living outside of New Haven, so that no local capital is being used in their construction. During the past ten years there has been expended for new construction a total of \$3,768,852.63 in addition to the Memorial Quadrangle. Whether contracts for construction are awarded to New Haven or out-of-town contractors the city has the benefit of practically all of the expenditures for labor costs, as the laborers usually live in the city and spend their wages here during the term of their employment. The financial advantage to

the community from the University's building operations will be even greater during the next decade, as the Sterling Trustees plan to use a considerable portion of Mr. Sterling's munificent bequest of about \$16,000,000 in erecting a University Library, a Chemistry Laboratory and other large memorial buildings.

3. PURCHASES BY UNIVERSITY

The University purchases in New Haven annually goods to the amount of about \$300,000. Among the larger items for last year were: coal, \$145,744.65; light and water, \$15,000. The Dining Hall alone spends about \$50,000 in local purchases annually, and the Building and Maintenance Department \$80,000. The Bureau of Purchases and Stores and the Dining Hall have instructions to buy in New Haven whenever this can be done without financial loss.

The War Department keeps equipment valued at about \$600,000 at Yale University. The maintenance and renewing of this equipment, as is the case with other equipment at the University, means constant work for the railroad, the express companies, and the Post Office. It also spends annually \$14,561.28 for forage, gasoline, etc. This money would not come to New Haven if it were not for Yale.

4. PURCHASES BY STUDENTS AND YALE VISITORS

The University is the cause of bringing to New Haven every year about 100,000 visitors. The great athletic events, Commencement exercises, the Junior Promenade and various University functions and meetings, all bring visitors who are likely to spend money freely.

If these visitors, thousands of whom stay many days in New Haven, average spending only five dollars apiece here, their annual expenditures would amount to \$500,000. The city officially and through the Chamber of Commerce is constantly trying to bring to the city large conventions for their effect on local business, but the influence of the University in this matter is often overlooked. Many cities, especially in the West, spend large sums to secure conventions. Some of these cities are willing to spend at least \$1000 to bring a convention of one thousand persons. A conservative estimate places the University visitors to New Haven as equal to at least one hundred such gatherings. Judiciously planned advertising campaigns by the Chamber of Commerce or other civic bodies when these visitors are in town would make larger use of an opportunity which is eagerly sought after by other cities.

It should be remembered that of the 3255 students at Yale this year only 1403 room in regular University dormitories, in addition to 376 in neighboring buildings bought by the University, and 338 in fraternity houses. The remainder—1138—live "in the town," about three-fourths of them at home, leaving at least 700 who must pay for private lodgings. Similarly about 800 men take their meals in Commons, leaving about 2400 to pay their board outside.

A conservative estimate places the annual expenditures of students here, outside of what is paid to the University and its organizations, at over \$2,000,000.¹

¹About 700 students not living in University or fraternity dormitories, or at home spending \$5 a week on lodging for

5. BUSINESS DEVELOPMENT OF CITY

The University is always willing to consider loaning money for New Haven building operations. According to the current Treasurer's Report it holds \$890,705 in local mortgages. As a matter of proper business conservatism in handling trust funds the University has felt it necessary to restrict New Haven loans to property in the central business section and in the best residential district. Within these limits its financial coöperation is considerable through the bringing of outside capital into local real estate development.

All of the University's deposits for general current account are carried in New Haven banks, through which \$5,920,972.22 passed last year from the University Treasurer's Office. This does not include the account of the Sheffield Trustees or of the Yale Athletic Association.

Another indication of the business brought to New Haven by the University is the amount of the receipts of the Yale Station, New Haven Post Office. This branch is near the University center and it is estimated that nine-tenths of its business comes from Yale sources. The receipts are increasing annually, and amounted during the fiscal year ending July 1, 1920, to \$55,299.26, in addition to cash paid on money orders.

38 weeks	\$ 133,000
About 2000 students not boarding in Commons, or at home, spending \$10 a week on board	760,000
3200 students spending locally on an average of \$400 a year for books, laundry, furniture, clothing, amusement, etc.	\$1,280,000
	\$2,173,000

IV. FINANCIAL SUMMARIES

The following table gives a summary of Yale University's financial contribution—direct and indirect—to New Haven during a single year (1919-1920):

1. TAXATION

Property of University	\$ 37,116.89
Property of University Officers	47,493.81
Fraternity houses	25,594.42
Total taxes paid in one year by University, and its officers	\$110,205.12 ¹

2. OTHER DIRECT FINANCIAL BENEFITS
TO NEW HAVEN

Scholarship aid to local students	\$ 17,668.48
General aid to local students	135,138.34
Other direct contributions to City	152,806.82
Total University contributions in one year to City	\$263,011.94

3. INDIRECT FINANCIAL BENEFITS
TO NEW HAVEN

University pay roll	\$1,866,279.92 ²
New building operations	600,000.00 ³
Purchases by University	300,000.00
Estimated purchases by students and Yale visitors	2,673,000.00
Total of principal indirect contributions in one year to City	\$5,439,279.92

¹Not including taxation on unofficial Yale business organizations, or on the considerable amount of property held by Yale officers below rank of Assistant Professor.

²The budget estimate of this year's pay roll (1920-21), including the R. O. T. C. staff supported by the Government, is about \$2,250,000.

³Approximate proportion (one-third of \$1,800,000 total) of local expenditure in 1920 on the Memorial Quadrangle.

It is interesting to note that this total of indirect financial contributions by Yale to New Haven is well above the entire cost of the city administration for the same period. The total municipal budget for last year as given on the tax bills was \$4,575,115.80. In other words, the University adds to the amount spent in the community annually, independent of what it contributes directly in taxes and in financial aid to local students, at least as much as the city itself spends for all the purposes covered by local taxation.

V. EDUCATIONAL AND OTHER
BENEFITS

In addition to its regular work for its regular students, which must always be its main task, the University has developed certain activities that should be of constantly increasing value to the citizens of New Haven. Much of this work has been started during recent years and should still be considered in its infancy. Its opportunity for future expansion is dependent only on the University's resources and on the cordial response of the public.

Among these activities are the following:

1. COÖPERATION WITH PUBLIC SCHOOLS

Since 1911 the University has each year conducted courses in Education to meet the special needs of the teachers of the public schools of the State. By the action of the Corporation these are provided for the very moderate fee of \$10 for a 30 hour course in New Haven or of \$15 for the same course at one of the other centers

in the state. The instruction is of regular University grade.

The University has also cooperated in various ways in rendering specific service to the local schools. Professor Gesell's work for defective children, and the "Health Survey of New Haven," prepared by Messrs. Winslow, Greenway, and Greenberg of the Yale Faculty, are examples of this. This work has recently received a great stimulus through the appointment of Frank E. Spaulding, Ph.D., LL.D., as Professor of School Administration and Chairman of the University's Department of Education. It is not too much to say that Mr. Spaulding is one of the most experienced men in the field of public education in America, having come to his present position from the headship of the Cleveland schools. He is working in the closest cooperation with the State Superintendent of Education and with the local school authorities. Three additional appointments of professorial grade have also been made, two of these being in the field of Secondary Education and of Elementary Education, which have very direct bearing upon the public school system of the State.

The three purposes of this reorganized Department, as established by the Corporation, are as follows:

1. To prepare both men and women for service in the educational field, especially in public schools. Courses are designed to fit superintendents, supervisors, principals, directors of special activities, research specialists, normal and college instructors in education, and classroom teachers, for the distinct types of service that each must render.

2. To contribute through research to the solution of practical problems of organization, administration, instruction, and hygiene in schools of all grades.

3. To render expert, practical assistance to school officials, especially in Connecticut, in the immediate solution of their school problems.

A study of the pamphlet issued by the Department contains the following clauses which are of special significance, as showing the University's determination to be of larger service to the public schools of the State.

Saturday morning courses are offered for the special benefit of teachers and school executives in service.

The University Psycho-Clinic, located at the New Haven Dispensary, will as heretofore render its services to parents, teachers, and social workers who desire consultations in regard to educationally exceptional children. The clinic is for the benefit of any child in Connecticut, who presents a special educational or psychological problem.

In addition to this consultation service, the Bureau is organized to do a certain amount of field work for public schools and institutions of the State. This work will include individual examinations, mental surveys, educational research, and organization of special classes.

Arrangements may also be made by school systems for advice and assistance in the field of Educational Measurements and Educational Statistics. This phase of the work is in charge of Mr. J.

Crosby Chapman, Associate Professor of Educational Psychology.

The assistance and inspiration both direct and indirect that is coming to the public schools of Connecticut as a result of this new University development can hardly be exaggerated. Over two hundred public school teachers are enrolled this year in the special Saturday classes in New Haven, in addition to 300 at various centers in the state to which the University's teachers of education are sent.

This should only be considered a beginning of what it is hoped to accomplish when the Department of Education at the University is fully organized and staffed.

2. CIVIC MEETINGS

The use of Woolsey Hall has been freely and gladly given for High School graduation exercises, Teachers' Conventions, etc. During the period of the war it afforded a great auditorium for numerous patriotic gatherings for the people of New Haven. Permission for the use of Woolsey Hall, the Yale Dining Hall and other buildings of the University has also been given for meetings of civic interest, such as the Chamber of Commerce dinners and other gatherings which were larger than could be accommodated elsewhere in the City. Care has been used to avoid taking business from buildings which were taxed, and no meetings of this nature have been held unless requested or approved by the authorities of the City.

In accordance with an understanding with the New Haven Public Library, citizens who fail to find there

the scholarly or technical books which they need are referred to the Yale Library where they are always welcome. The Sunday opening of the galleries of the Yale School of the Fine Arts, of the Steinert Collection of Musical Instruments, and of other University collections, has proved most successful and has offered a cultural opportunity to the New Haven public equaled in few American cities of any size. The collections of the Peabody Museum which are temporarily in storage used to attract between 400 and 500 on Sundays and large numbers during the week. These will again be available to the public as soon as a new Museum building is constructed.

3. PUBLIC LECTURES AND CONCERTS

The University provides annually scores of "University Lectures" by men of distinction that are open to the public without charge. Among the lecturers of recent years have been such men as Ambassador Bryce, Secretary Root, Justice Hughes, Sir William Osler, Sir Ernest Rutherford, Graham Wallas, and many others. The weekly University Bulletin, calling attention to lectures and other events of public interest, is posted regularly at the Public Library and other civic centers, and statements regarding these events are given to the press. About \$6000 is spent annually by the University on such lectures.

It is conceded that no other city of its size in America has the musical advantages of New Haven. These are in large part due to the University, which meets the yearly deficit of the New Haven Symphony Orchestra and of many other concerts. That these are fully ap-

preciated by the public is shown by the fact that it fills Woolsey Hall on many occasions every year. Such musical features as the concerts by Schumann-Heink, Sembrich, Scotti, Pasquali, Gadski, Galli-Curci, Kreisler, New York Philharmonic Society, Heifetz, and many others, are attended by the rank and file of citizens, the prices being kept as low as possible. The series of free Sunday afternoon recitals on the Newberry Organ, one of the finest instruments of its kind in the world, has annually drawn large New Haven audiences.

4. FREE MEDICAL SERVICE

Yale University is affiliated with the General Hospital Society of Connecticut under an agreement whereby the Yale School of Medicine has the nomination of the various physicians and surgeons at the hospital. The University provides for a payment on account of the resident physicians and the staff of the X-ray Department, and in addition contributes over \$25,000 a year to the maintenance of the Brady Laboratory, in which all of the important laboratory work connected with the examination and care of patients is conducted without any charge. The University is responsible through the Medical School for the entire medical care of the ward patients in the institution. The professors in the school have charge of the hospital wards, and care for the patients without extra remuneration. During the present year the University has agreed to contribute a sum not to exceed \$50,000 to meet the additional expense which the hospital is under by providing its patients with the advantages of the "full-time" service.

The University, coöperating with the New Haven

Dispensary and with the New Haven Hospital, gives free medical treatment to the city's poor through these institutions. At the Dispensary there are over 35,000 consultations annually, and, in addition to providing facilities for the routine work, the University authorities furnish accommodation for the largest branch of the Infant Welfare Association, which is now conducted by the Visiting Nurse Association. They also provide a juvenile psycho-clinic conducted by Professor Gesell in coöperation with the State Board of Education, and a psychiatric clinic which is conducted by Dr. Terhune, the Medical Director of the Connecticut Society for Mental Hygiene. In connection with the Dispensary work, the University contributes the use of the building which was erected for this special purpose at a cost of \$100,000. It also provides free the services of its professors, and contributes annually to the payment of assistants, nurses, and janitors a sum which amounted last year to \$10,364.60.

The value of the contribution made by the University through the recent introduction into the New Haven Hospital by the Medical School of an efficient service, where the main burden of work and responsibility is carried by physicians and surgeons who are giving their entire time to the work of the Hospital and the Medical School, is not as yet fully appreciated. The following examples taken almost at random will indicate the quality of this service.

The Women's Clinic maintains an organization of fifteen trained workers who care for maternity cases and women's diseases, both in the Hospital and at the patients' homes. During the past five years a thousand

women have registered in the obstetrical out-patient service, and have received the most thorough care through pregnancy, childbirth, and return to normal, including attention to the child during the first month of its life. The University is providing adequate care each year for about 200 New Haven women at the time of childbirth in their own homes at a cost of about \$5000.

The Department of Surgery of the Medical School takes care of about 1000 cases a year and employs an orthopedist who makes braces and splints, a service rendered in only a few of the best American hospitals.

The University Laboratory of Bacteriology conducted last year over 700 examinations without charge for doctors not connected with the University. These would have cost approximately \$3200 if paid for at the prices current for such work. The Department of Pathology is recognized as one of the most effective in this country and is invaluable in connection with the diagnostic work of the Hospital.

The University has announced that the Department of Pediatrics is to be placed on the full-time basis in 1921-22, and that the distinguished pediatrician who has accepted the task of organizing and directing it is planning the work with a special view of making his clinic of the largest possible service to the poor of New Haven.

The weekly visits of distinguished clinicians from New York and other cities arranged for by the Medical Faculty and open to the physicians of New Haven, the lectures under the auspices of the alumni, the clinical pathological conferences, the lectures on public health

problems, and other opportunities provided by the School are of inestimable service to the physicians of New Haven, while the School itself is giving the most modern training to the majority of the future physicians of the city.

5. PUBLIC SERVICE OF FACULTY

It is not possible within the limits of this pamphlet to do more than indicate the services rendered by individual officers of Yale University to the community. The following list of representative local public service and civic positions or offices held at present or recently by officers of the University is, however, significant:

President Hadley, Director of the New York, New Haven Railroad.

Provost Walker, President of the New Haven Colony Historical Society.

Treasurer Day, Executive Committee of the New Haven Hospital.

Associate Treasurer Farnam, Member of the Board of Finance, President New Haven Chapter of the American Red Cross.

Librarian Keogh, Director of the New Haven Public Library.

Dean Angier, President of the Connecticut George Junior Republic.

Dean Jones, Chairman of the State Board of Education.

Professor Bailey, Superintendent of the New Haven Organized Charities.

Professor Bakewell, Member of the Legislature.

Professor Baldwin, Governor of Connecticut.

Professor Carmalt, President of the New Haven Hospital and of the Connecticut Training School for Nurses.

Professor Farnam, Chairman Community Labor Board, President Lowell House Social Settlement.

Professors Gregory, Gruener, and Verdi, Members of the New Haven Board of Education.

Professor Kent, President of the Civic Federation.

Professor Phelps, President of the New Haven Symphony Orchestra.

Professor Tracy, Director of the New Haven War Bureau of the State Council of Defense.

Professor Winslow, Member Public Health Council of Connecticut.

Professor Woolsey, President of the New Haven Park Board.

The above list might be extended almost indefinitely, although the author would not wish to be understood as implying that officers of the University have always been as active in municipal life as is desirable. It is indisputable, however, that individual members of the Faculty have rendered conspicuous public service, and that certain University departments, such as Forestry, Music, Education, Pathology, Public Health, and Engineering have rendered very definite contributions to the municipality.

The value of these services cannot be estimated in dollars and cents. They have generally been rendered without compensation, and although conspicuous in character they are no different in spirit from the public services of hundreds of other citizens of New Haven

who have graduated from the University or have been stimulated by the atmosphere it helps to create. Furthermore, most of those named and many other citizens such as ex-President Taft, who directly and indirectly render New Haven large service, are residents here only because of Yale.

6. APPEARANCE OF CITY

The University adds much to the appearance of New Haven. It is its present definite policy to emphasize the exterior beauty of buildings. It is doubtful if any city in America has a group of buildings of greater charm than the Memorial Quadrangle now being completed, while its Harkness Tower, over 200 feet high, and of the most beautiful design, should become a source of inspiration and pride to all citizens. The University is also trying through planting in suitable places to improve the appearance of buildings and of the streets on which they are placed.

Its purchase of the Hillhouse property (Pierson-Sage Square), which it has opened on liberal terms to the public, and its dedication of part of the property to permanent park purposes are worthy of mention.

7. ADVERTISING OF CITY

New Haven is constantly being visited by people of international distinction who are guests of the University and whose presence here advertises the city broadly. Such visitors in recent years have been Marquis Ito of Japan, Lord Kelvin, Cardinal Mercier, Admiral Sims, and others. The sum total of influence, inspiration, and public attention that results from the

lecturers and conventions brought to New Haven because of the University is appreciable. The added reputation which comes to the city from these visitors is of large commercial value. Yale is probably the New Haven Publicity Club's greatest ally. The public in general, and 20,000 living graduates scattered over the country in particular, are quick to greet anything with a New Haven date-line, post-mark, or trade-mark.

The New Haven imprint on the publications of the University, and on the books and advertisements of the Yale University Press, is an important local business asset. Last year 184,145 Press books were sold, carrying the New Haven name to discriminating buyers all over the world.

VI. CONCLUSION

I. RELATIVE FINANCIAL ADVANTAGES OF DIFFERENT TYPES OF UNIVERSITIES

It is taken for granted that all citizens of intelligence wish to have a great University similar to Yale in its opportunities within the state. Three plans are advanced for consideration:

A State University

It has been shown above that such an institution would pay nothing directly to the municipal treasury and would represent a greater annual expense to the community than Yale as conducted today.

An Endowed and Taxed University

From the standpoint of a municipal tax collector this plan may seem temporarily to have an advantage, but

it cannot be carried out without endangering the University and consequently also the community. Yale has no net income out of which it can pay taxes. If it attempted to save money for that purpose it could not compete on even terms with other universities of similar grade, all of which are tax-exempt, many of which receive state support, and some of which have much larger incomes. It would be well-nigh impossible to obtain endowment for a university under these unfair conditions, and to draw upon the capital of trust funds to help meet the current expenses of the municipality would be not only disastrous but morally unjustifiable.

An Endowed Tax-exempt University

Except for the very proper restriction limiting the amount of exempt invested real estate, this is the present status of Yale University, and we believe it the best for the city.

It is possible that the financial condition of the University and the services rendered by the municipality may at some future time warrant consideration of the voluntary payment by the University to the city of all or part of the amount of its exemption under the act permitting the holding without taxation of real estate not used for educational purposes yielding an income up to a total of \$6000, a very small amount in comparison with the University's tax payment last year of \$37,116.89. But on the general policy of the exemption of property held and used for educational purposes, there seems to the writer little ground for debate. The Uni-

versity's present position should be maintained unchanged. It is absolutely sound legally, morally and economically. Any change would be contrary to general statutes, to charter rights, and to the well-established precedents for privately endowed institutions of higher learning throughout America. It would be unfair to the University, and in the end it would be disadvantageous to the community, as it would result in hampering the University's growth.

2. PUBLIC ATTITUDE TOWARD AN ENDOWED, TAX-EXEMPT UNIVERSITY

The business advantages to a community of having the best type of educational institution were clearly shown recently in Cambridge, when the Mayor, both branches of the City Council, the Taxpayers' Association and the Economy Club united in an earnest request to the Massachusetts Institute of Technology to move from Boston to their city.

Acting on this same principle, it is self-evident that if the business men of New Haven should ever have to contemplate the removal of Yale, they would come earnestly to its support. Headed by the Chamber of Commerce they rejoice, and rejoice rightly, when a good new industry with a capital of \$100,000 is moved to New Haven. But Yale is a corporation with a capital, in addition to plant, of over twenty-five millions, employing regularly about twelve hundred people with a pay roll of two million dollars, and a body of apprentices three thousand strong who spend annually over a million and a half in local business houses. This is a business worth much to the community, especially

when it trains youth, advertises the city, constantly attracts to it new capital, and adds dignity to its life. The advantages when fairly considered are so obvious that it is no wonder that the cities of a state become rivals when the location of a new college is at stake.

Judge Hamersley in 1899, in stating the unanimous opinion of the Supreme Court of Errors of Connecticut, supporting the contention of the University that under its charter and the statutes of the state its dormitories could not be taxed, said:

"The principle that property necessary for the operation of state and municipal governments, and buildings occupied for those essential supports of government, public education and public worship, ought not to be the subject of taxation, has been with us accepted as axiomatic. It has been incorporated into the constitutions of several states. It has been inseparably interwoven with the structure of our government and the habits and convictions of our people, since 1638. It is not based merely on the theory of the general benefit resulting from an increase of pious uses. All exemptions imply some public benefit; otherwise they are invalid. It is not merely an act of grace on the part of the State. It stands squarely on State interest. To subject all such property to taxation would tend rather to diminish than increase the amount of taxable property. Other conditions being equal, the happiness, prosperity, and wealth of a community may well be measured by the amount of property wisely devoted to the common good in public buildings, parks, highways, and buildings occupied as colleges, schoolhouses and churches. To tax such property would tend to destroy the life which produces a constant increase of taxable property as well as some benefits more valuable."

The University authorities may well encourage in every way the study of the taxation question as affected by the presence of the University in New Haven, for it is believed that such study will convince most impartial people who are competent to judge such matters, first, that exemption from taxation does not diminish the total value of taxable property in college towns as compared with other towns; second, that college towns have no higher tax rates than non-college towns of similar size; and third, that the presence of a university like Yale in a city like New Haven, instead of being a financial burden, is an asset from almost every standpoint.

Most of the misunderstandings of the taxation question which have existed in the past have been due to a lack of knowledge of the actual facts involved in the local situation, as well as to widespread ignorance both within and without college walls, as to the essential purposes and objects of taxation. These are admirably stated in the following paragraph from the judicial decision already mentioned:

"This clause of Sec. 3820 does not exempt any individuals from the burden of taxation that is common to all; it does not grant to one particular privileges denied to all others; it declares that lands and buildings sequestered to certain public uses, i.e., taken out of the body of private property and devoted exclusively to the common good, from which no individual can derive any profit, are not taxable property. And this has been, not the exception, but the rule from the foundation of our government. The seats of government, state or municipal, highways, parks, churches,

public schoolhouses, colleges, have never been within the range of taxation; they cannot be exceptions from a rule in which they were never included. . . . It is the person enjoying the benefits of government who is taxed according to his ability. The mere stuff of land and buildings is not the subject of taxation, except as it may be the source of profit, present or prospective, to some person bound to contribute to the charges of the government."

What is needed is a general knowledge of these facts, an effort to prevent all causes of friction between "town" and "gown," and more appreciation by each side of the difficulties and needs of the other. With these ends in view the University should always stand ready to coöperate with the citizens of New Haven to the fullest extent in making Yale an even more potent factor for the good of the community than it has been in the past. As it enjoys certain privileges because of the public service it is designed to render to the state, it is under a moral obligation to see to it that this service in the cause of higher education is as vital and effective as possible.



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New Haven, Connecticut

23143

**END OF
TITLE**